

Quarterly Report (Jan-March 2003)

By: Aaron Drayer

USAID Contract No.: 527-C-00-03-00001-00

Peru Alternative Development Project

Contractor: Chemonics International Inc.

USAID/Peru

Date: January 14, 2004

Language of Report: English

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Peru Alternative Development Project

Report presented to:
USAID Peru/Ms. Jennifer Vernooy

Presented by:
Chemonics International, Inc.

April, 2003

A. Background

The objective of the Alternative Development Program is to support the United States Agency for International Development (USAID) and the Government of Peru in the implementation of a voluntary eradication program whose goal is the sustained reduction of coca which will be accomplished via manual eradication and sustained, productive economic development in Aguaytia, Alto Huallaga, the Apurimac-Ene River Valley and Huallaga Central.

In order to achieve this result, the strategy of the program involves an effective communication strategy in order to enter in to coca growing communities in order to obtain their acceptance of the program. Subsequently, there is a strong component of short and medium term economic programs that help to improve social and economic conditions as well as to generate temporary employment. Finally, long term economic opportunities are also identifies in order that the program provide sustainable alternatives to the coca economy. Under the terms of the contract with USIAD, Chemonics will implement this strategy via subcontracts and grants with local implementing agencies in the four areas of intervention.

Moreover, as the overall coordinator of the Alternative Development Program, Chemonics will assure that the activities developed and implemented are part of a coherent, integrated strategy that conveys a unified vision.

The contract with Chemonics was signed on January 31, 2003.

B. Results Achieved

During the first quarter of 2003, the majority of the Program activities were focused in the valley of Aguaytia, in the province of San Antonio Abad, where substantial progress was made in the areas of autoeradication and education, as well as economic and social infrastructure projects that had been in progress since 2002. However this progress was hindered in mid-February by a strike of the cocaleros of the zone, and since that time, efforts of the Program have been focused on pacifying the area. Consequently, activities in the zone have been reduced in anticipation of more favorable working conditions.

With regard to the other valleys, the first quarter saw a variety of activities undertaken to obtain Program objectives. These activities included the continuation of the economic activities initiated by CARE in the area of agricultural productivity.

Below we will outline the principle results achieved during the first quarter of 2003 in each program component.

B1. The Generation of Favorable Public Opinión Regarding Alternative Development

We have created a community communication promoters network in Aguaytia in order to have a positive influence in the coca producers' perception concerning the risk associated with involvement in the illicit economy as well as the possibility to improve their lives in a licit economy.

Furthermore, we have created two journalist networks in Pucallpa and Tarapoto, which will help generate favorable public opinion toward Alternative Development in Aguaytia and Huallaga Central in the press. Finally, beginning in March, a radio program was initiated in San Francisco which has increased the presence of the Alternative Development Program in this zone and has helped counter the negative messages of narcotraffickers in this area.

No.	Result	Number	Beneficiaries	Location	Comments
1	Creation of community communication promoters network	1 network	47 caseríos	Aguaytia	The supervisors of the promoters were trained by CEDRO and began working on 21 April 2003.
2	Formation of journalist networks	2 networks/60 journalists	Aguaytia Huallaga Central	Pucallpa Tarapoto	The Alto Huallaga network will be completed in April and the VRAE network will be completed in May.
3	Radio program "Entre Campesinos" with Nelson Contreras	1	VRAE	San Francisco	The program in the VRAE has been on the air since the beginning of March and the programs in Tingo María and Aucayacu began the second week of April.

B2. Results in the Area of Autoeradication

As part of the Autoeradication Pilot Project in Aguaytia, 312 hectares of coca were eradicated during the first quarter, which brings the total number of hectares eradicated to date in Aguaytia to 1,316.

During the first quarter, the Program contacted 50 communities in Padre Abad, Irazola and Curimaná in order to inform and educate them about the risks to their future that they incur with their involvement in coca production. The objective of this program was to convince them to voluntarily accept the autoeradication program. Thirty seven of the communities accepted, thereby committing to voluntarily eliminate their coca crop and participate in the Program.

Currently, 68% of the 115 communities identified as coca communities have been contacted. Of the 76 communities contacted, 74% of the communities have signed framework agreements to participate in the Program.

It is important to add that we have undertaken planning workshops where the local populations have identified the priority investments necessary to improve their lives as well as development possibilities in 18 communities. Approximately 126 initiatives were formulated in these workshops, which comprise approximately \$3.4 million Soles.

Also, autoeradiction and education efforts were undertaken with success until 13 February, at which time unfavorable conditions developed that hindered activities.

No.	Results	1st Quarter	Comprehensive Aguaytia Pilot Plan Total	Location
1	Hectares of coca eradicated	312 has.	1,316 has.	Aguaytia
2	Caseríos with signed framework agreements	37 agreements	56 caseríos	Aguaytia
3	Caseríos contacted	50 caseríos	76 caseríos	Aguaytia

B3. Continuation of Productive Economic Activities

The Program continued activities that were initiated in 2002. During the first quarter, Chemonics provided agricultural technical assistance to 3,850 families, which had a positive impact on 5,833.5 hectares in the four zones of intervention. Technical assistance in animal ranching was provided during 175 visits in Huallaga Central to a total 480 families. Activities in bee farming were also included in the technical assistance, which benefited 9 families in the Apurímac-Ene River Valley.

Furthermore, 1,342 people were beneficiaries of technical assistance training programs, principally in the area coffee and cacao harvesting, which were held in Alto Huallaga. Eighty seven training courses were held, which helped promote the commercialization of 90 tons of sesame seeds, which benefited 35 families in the Apurímac-Ene River Valley.

Below is a table that presents technical assistance courses and their positive impact:

No	Results	Amount	Beneficiaries	Location
1	Agricultural Technical Assistance (Cocoa)	304 ha	230 families	Alto Huallaga
2	Agricultural Technical Assistance (Coffee)	187 ha	102 families	Alto Huallaga
3	Agricultural Technical Assistance (Plátano)	149 ha	147 families	Alto Huallaga
4	Agricultural Technical Assistance (Papaya)	28 ha	17 families	Alto Huallaga
5	Agricultural Technical Assistance (Heart of Palm)	25 ha	13 families	Alto Huallaga
6	Agricultural Technical Assistance (Rice)	73 ha	47 families	Alto Huallaga
7	Agricultural Technical Assistance (Pasture Development)	149 ha	29 families	Alto Huallaga
8	Training Courses	87	1342 people	Alto Huallaga
9	Agricultural Technical Assistance (Cocoa)	130 ha	142 families	VRAE
10	Agricultural Technical Assistance (Coffee)	106 ha	94 families	VRAE
11	Agricultural Technical Assistance (Papaya)	6.5 ha	12 families	VRAE
12	Agricultural Technical Assistance (Heart of Palm)	11 ha	12 families	VRAE

No	Results	Amount	Beneficiaries	Location
13	Agricultural Technical Assistance (Sesame Seeds)	26 ha	55 families	VRAE
14	Agricultural Technical Assistance (Peanuts)	15 ha	25 families	VRAE
15	Technical Assistance (Bee farming)	27 beehives	9 families	VRAE
16	Commercialization (Sesame Seeds)	90 tons	35 families	VRAE
17	Agricultural Technical Assistance (Heart of Palm)	150 ha	106 families	Aguaytia
18	Agricultural Technical Assistance (Plátano)	460 ha	192 families	Aguaytia
19	Agricultural Technical Assistance (Pineapple)	26 ha	94 families	Aguaytia
20	Agricultural Technical Assistance (Cocoa)	578 ha	410 families	Aguaytia
21	Agricultural Technical Assistance (Shellfish)	6 ha	6 families	Aguaytia
22	Agricultural Technical Assistance (Cotton)	1213 ha	557 families	Aguaytia
23	Agricultural Technical Assistance (Camu Camu)	119 ha	119 families	Aguaytia
24	Agricultural Technical Assistance (Cocoa)	249 ha	353 families	Huallaga Central
25	Agricultural Technical Assistance (Coffee)	1812 ha	1077 families	Huallaga Central
26	Agricultural Technical Assistance (Agro forestry)	11 plant farms	11 families	Huallaga Central
27	Technical Assistance (Animal Ranching)	175 visits	480 families	Huallaga Central

C. Principal Activities

The five distinct components of the Program work in conjunction to achieve the results described above. These components are: Communications, Institutional Strengthening, Sustainable Economic Activities, Monitoring and Evaluation and Administration.

In addition to the activities developed and implemented for each of these components, Chemonics has developed an Operational Plan for Program intervention for the remainder of 2003. Furthermore, at the Mission's request, Chemonics assisted USAID in the formulation of the Alternative Development Program's Multi-annual Plans for 2003-2006. These plans contemplate an integrated intervention in all four valleys of the ADP as well as the integration of elements of health, education, natural resources management and economic growth into the AD strategy.

C1. Communications

During the first quarter, the activities in the communications component were principally focused on the design and development of a local communication network for each valley, the implementation of the local communication promoters and generators of public opinion networks as well as the creation and distribution of communications pamphlets, brochures and other promotional material.

CEDRO was contracted on 15 January 2003 to help provide training for the local communications promoters networks. As a PDA subcontractor, CEDRO is in charge of implementation of this effort. This includes the development of a local communication network comprised of recognized community leaders that have the support of the local residents.

Chemonics has produced a variety of communication materials in order to promote positive messages regarding alternative development in the four valleys. These include: pamphlets for public distribution, videos, promotional brochures and radio programs. In addition to the radio program in the VRAE, pilot programs will be soon be aired in Tingo Maria, Aucayacu and Monzón.

C2. Institutional Strengthening

Chemonics initiated the process of identifying subcontractors through solicitation that will be managing the training and education programs in the four valleys. In Aguaytia, framework agreements were signed with communities in Padre Abad, Irazola and Curimaná.

As part of the contracting process, Chemonics has worked in close cooperation with USAID and DEVIDA as well as members of the potential subcontractors: PRISMA (health and nutrition), AMRESAM (conflict resolution in Aguaytia and execution of social infrastructure projects in Huallaga Central and Alto Huallaga), AMUVRAE (for social infrastructure projects in the VRAE), APENAC (for negotiation strategy in the VRAE).

In addition, as part of the implementation of the Aguaytia Pilot Project, an action plan and organizational capacity was developed for the Aguaytia office in coordination with DEVIDA. During the first half of the quarter, capacity building and education workshops were carried out, as well as contact with many local communities and the signing of framework agreements. For security reasons, activities in Aguaytia were suspended on 17 February.

C3. Sustainable Economic Activities

During the first quarter, activities in this component were focused on the transfer and continuation of CARE activities as well as the feasibility evaluation of CARE projects, which included FILDA and FIDEICOMISO projects. Furthermore, defining principles were established for the provision of technical assistance and the promotion and development of activities. This included evaluation of social and economic infrastructure projects that were underway in Aguaytia during 2002.

In order to assure that CARE activities continued uninterrupted for the short term while evaluations were underway, Chemonics contracted a Technical Management Team in each valley that ensured the supervision of quality technical assistance provision to program beneficiaries. These teams have provided technical assistance in the areas of: agricultural products, cattle ranching, bee farming as well as other areas of capacity building for local growers and producers of licit economic products.

The priorities in the area of sustainable economic alternatives have been coordinated with the PRA project. The Alternative Development Program has worked with PRA to define the priority clients in Ucayali, and has initiated 4 forestry projects with technical assistance provision in this department. One of these projects are the first experience in Aguaytia of

forest management with the participation of a community who has voluntarily eradicated its coca crop. The other three are the first experience in this zone of forest management involving private sector actors. In addition, the ADP has worked in tight coordination with the PRA project in the development of two productive projects in bean planting and improvement of cotton production and commercialization in Aguaytia.

Furthermore, forestry and environmental activities are being deepened by the team charged with the Supplemental Programmatic Environmental Assessment (SPEA), which is undertaking this analysis to be able to measure the impact of future environmental projects as well as to set priorities for economic activities to be developed.

C4. Monitoring and Evaluation

The Monitoring and Evaluation team concentrated its efforts in the collection, synthesis and evaluation of existing information for the four valleys. Special emphasis was placed in the organization of autoeradication data from Aguaytia as well as data related to social and economic infrastructure projects implemented by the Ucayali Regional Government and the Alto Huallaga Special Project. For the other three valleys, basic demographic information as well as programmed and executed activities for 2002 were analyzed and evaluated.

With respect to the coordination with USAID, Chemonics has been working with various teams within the Mission to formulate activities and implementation strategy in the four valleys. Information pertaining to the Economic Growth Program (Title II funds) and environmental activities has been analyzed during this process.

Chemonics has also collected and organized cartographic and georeferenced data for all four valleys, which has been incorporated into the autoeradication activities as well as the planning and implementation of other activities. This tool is extremely useful in the synthesis of various thematic areas of the USAID Mission and aids in the quality of planning for future activities in the Program.

In terms of the Monitoring and Evaluation system, Chemonics formulated a proposal for the definition of roles and the flow of information between the various actors that participate in the monitoring of results, activities and the continuous updating of information.

In the area of Operational Research, the Monitoring and Evaluation team elaborated terms of reference for the first three priority research tasks. These are: the microeconomic behavior of the coca producer, the analysis of social costs generated by the illicit production of the coca leaf as well as the production and consumption of *pasta básica*. Finally, the evaluation of the impact of alternative development programs financed by USAID will be examined. At this time, terms of reference for these activities are being reviewed by USAID in order to contract consultants for these studies.

Chemonics also has been active in its reporting function, distributing weekly reports concerning autoeradication, communication and economic activities in Aguaytia.

C5. Administration

Offices

The project office was established in Lima on Avenida Central 545, in the San Isidro district. The Program office is in the same building as the PRA project, which facilitates coordination between the two projects.

In Aguaytia and Pucallpa, Chemonics personnel has shared office facilities with DEVIDA personnel. In Aguaytia, the office was burned on 24 February during a demonstration of cocalero groups. The damage to the office occasioned the loss of information and most of the office equipment. In order assure that Program activities continue uninterrupted, Chemonics has solicited approval from USAID to re-open a project office in Aguaytia during the second quarter of 2003.

Personnel

During the first quarter of 2003, the Program contracted the following personnel to implement activities:

Lima Office

Nombre	Cargo
• Robert Kramer	Chief of Party (COP)
• William Cordero	Natural Resources Manager
• Luis Soltau	Deputy Chief of Party (DCOP)
• Ma. Luisa de Salvatierra	Administrative and Financial Manager
• Angelica Matsuda	M&E Manager
• Francisco Ampuero	Communications Manager
• Cledi Encarnación	Accountant
• Patricia Quiroga	Executive Assistant
• Angela Ruiz Ucceli	Technical Assistant--DCOP
• Dante Santa Cruz	GIS Assistant
• Broncle Bravo	Monitoring and Evaluation Expert
• Adriana Quevedo	Administrative Assistant
• Aaron Drayer	Project Administrator
• Eloy Cabrera	Regional Office Coordinator
• Aquilino Damas	Messenger
• Eurydice Rorick	Institutional Strengthening Manager
• Andres Malatesta	Communications Specialist
• José Gamarra	Technical Assistant—Economic Activities
• Sylvia Galvan	Accounting Assistant
• Jorge Vasquez	Civil Engineer

Aguaytia Office

- | | | |
|---|----------------------|--|
| • | Jorge Ordoñez | Regional Coordinator |
| • | Lila Cerron | Community Communications Expert |
| • | Rodrigo del Castillo | Administrative Assistant |
| • | Freddy Mantilla | Economic Activities Specialist |
| • | Carlos Cueva | Institutional Strengthening Specialist |
| • | Sharon Arevalo | Secretary |

Activities

In January, the Chemonics team supervised the transfer of office equipment from CARE in Lima, the VRAE, Huallaga Central, Alto Huallaga and Aguaytia. The purpose of the reception of this equipment was to subsequently transfer it to the Technical Assistance Organizations and/or activity implementers in the four valleys. The transfer of all office equipment was completed at the main CARE Lima facility on 28 February 2003.

The Technical Management Teams' personnel was contracted based on recommendations from CARE in order to assure the continuation of CARE activities.

Chemonics has signed cost reimbursable subcontracts with CEDRO and PRISMA for the implementation of project activities. The contract with CEDRO is for \$1,499,867. CEDRO will manage the execution of communications, institutional strengthening and short term economic activities as well as social and economic infrastructure activities for communities participating in the program.

The PRISMA subcontract is for \$103,985. These funds will allow PRISMA to support credit projects by way of institutional strengthening activities, monitoring, and local management of financing projects during March and April.

During the first quarter, Chemonics has undertaken several key studies necessary for the success of the Program. Some studies have been undertaken jointly with USAID and DEVIDA, while others have been implemented by Chemonics, such as the collection and organization of basic demographic and geographic information of the four valleys.

In terms of important administrative matters, Chemonics is currently completing the process with APCI that is necessary to disburse funds to governmental institutions and NGOs involved with the program. This administrative process will be completed in April and will allow Chemonics to begin grant disbursement activities.

D. Activities Planned for Quarter #2 (April-June 2003)

- Complete and implement radio program for all four valleys
- Complete communication diagnostic for all four valleys

- Create network of communication promoters in the VRAE.
- Begin implementation of activities of network of communication promoters in Alto Huallaga and Huallaga Central.
- Create journalist network in Alto Huallaga y VRAE
- Establish priority short and medium term productive economic activities for each valley
- Implement 3 research activities for use in further activity planning
- Develop a database program for Monitoring and Evaluation that allows for efficient monitoring of infrastructure and economic activity projects.
- Coordinate with other programs and agencies that comprise the Alternative Development Program in order to maximize activity impact and efficient planning
- Open 6 regional project offices in order to have ample coverage in Program intervention areas: Aguaytia, Tocache, Tarapoto, San Francisco, Tingo Maria and the Ene.
- Contract the following long term professionals:
 - Communications Assistants (2)
 - Institutional Strengthening Assistant
 - Monitoring and Evaluation Systems Assistant
 - Contract and Grants Manager
- Identify of subcontractors for implementation of Program activities
- Move to new, larger office space with PRA project for more efficient coordination and management of activities
- Complete subcontracts and grants manual that outlines processes and procedures for administration of projects under these contractual mechanisms.
- Draft and release Annual Program Statement for grant requests
- Draft and release 4 RFPs for IQCs in social infrastructure, small scale productive projects, licit economic activity development and the development of network infrastructure

E. Challenges

The socio-political context became difficult in Aguaytia toward the end of February due to a cocalero demonstration, which slowed implementation of Program activities in this valley as well as the other three Program valleys. These protests demonstrated the mobilization capacity of the cocaleros, and were tacitly supported by local governmental authorities.

During the month of March, roundtable negotiations were carried out with community leaders in order to provide a forum for the expression of their needs, as well as to help calm tensions in the zone. Some activities were restarted on a reduced scale, but all autoeradication activities were suspended.

Currently, cocalero leaders have called for a new strike on 8 April, which has not had the success expected due in part to the weakening of their organization. The strategy of the

cocalero organization is to concentrate in urban areas such as Huamanga and La Oroya with the purpose of gaining favor with the public in these areas.

This situation poses a series of challenges to the implementation of the Program and implicates the necessity of tight coordination with other agencies who are currently undertaking activities in cocalero zones. This coordination should concentrate on the transmission of one message as well as complementary activities that demonstrate the positive value of Alternative Development. To this end, all activities in the area of communications seek to win the favor of areas that are being neglected by the cocaleros and/or areas that had received negative messages by actors against Alternative Development. The purpose of this strategy is to subsequently facilitate the participation of communities in the Program and its benefits.

E. Financial Information

Since the inception of the Program (October 2002-March 2003), Chemonics has spent a total of \$1,722,182.85.

October	\$78,800.49
November	\$147,421.47
December	\$256,906.50
January	\$308,717.39
February	\$321,237
March	\$649,100 (projection)
Total	\$1,722,182.85

The Program has spent 100.31 person/months in Level of Effort. A detailed breakdown follows:

Category	Person Months
Long Term	43.98
Short Term	56.34
Total	100.31

F. Organizational Chart

The attached organizational chart is the same one that was set forth in the final proposal. Several changes are being considered to the organizational structure; should they take effect, these changes will be detailed in the next quarterly report.